GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:574
ANSWERED ON:02.03.2007
CHEATING BY NBFIS AND COOPERATIVE BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether cases of cheating to the investors by the Non-Banking Financial Institutions (NBFIs) and the Co-operative Banks are increasing day-by-day in the country; and

(b) if so, the steps being taken by the Government for recovery of money deposited by the investors in NBFIs and Co-operative Banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a) & (b): It has been reported by Reserve Bank of India (RBI)/National Bank for Agriculture and Rural Development (NABARD) that no such complaints have been received in this regard. However, RBI has received complaints against several Non-Banking Financial Companies (NBFCs) which have defaulted in maturity payments to the depositors.RBI has been taking action against NBFCs which have not complied with the provisions of RBI Act and the directions thereunder or have shown weaknesses in the financial position. Such action includes prohibiting the companies from carrying on non-banking financial activity, acceptance of deposits and alienation of assets. Wherever the default is persistent in nature, RBI initiates winding up proceedings and also files criminal complaint against the directors of the NBFC.